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Platt, Jonas

Speech, 1811, on Western  
district bank of New York state.

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*In Senate, 21st March, 1811.*

## MR. PLATT'S SPEECH,

ON THE BILL FOR ESTABLISHING

### The Western District Bank. of N.Y. State.

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*Mr. Chairman,*

The general principles and policy of the banking system, have been so fully and ably discussed on this floor, during this session, that I deem it unnecessary to enter at large on that subject on the present occasion.— My remarks will be confined chiefly to the peculiar merits of the bill now before us.

Early in the present session, a report was made, shewing the amount of bank-capital in this state; and the honorable member from the Southern District (Mr. De Witt Clinton) has endeavored to prove, that the amount of capital already authorized by law to be employed in the established banks, is sufficient for an ample circulating medium; and that it is dangerous to increase that capital by incorporating new banks.

I deny the justice of his conclusion from that report. The nominal amount of capital in the acts of incorporation, is very uncertain evidence of the real amount employed in banking operations. In many of the banks, only a small part of the stock subscribed, has been actually paid or invested; and as well might it be contended that ten millions of dollars are actually employed by the manufacturing companies in this state; because the acts for their incorporation authorize them to go to that extent.

The legal right or capacity of employing capital in banks or manufactories, is one thing; and the actual investment of that capital is another thing.

I deny, however, that the amount of capital in the existing banks is the only criterion to decide on the

expediency of establishing a new bank. Nor does this question of expediency depend solely on the number of banks already incorporated. It is not true, sir, as has been contended, that the amount of paper medium, or bank notes in circulation, will always depend on the amount of bank capital: and to exemplify this remark, I ask whether the late establishment of a new bank in Albany, with a capital nearly equal to that of both the old banks, will double the amount of discounts or bank-loans in this city? No, sir; the additional bank will participate in loans and profits with the other banks. It will equalize and extend discounts and accommodations among the citizens of Albany. It will in a small degree increase the circulating medium; but that increase will bear no proportion to the increase of capital.

It is as important that our banks be fairly and equally distributed among our principal commercial towns; as that a sufficient bank-capital should be created.

During the present session of the legislature, the following banks have been incorporated, viz.

	<i>Capital.</i>
Union Bank, in New-York,	\$1,800,000
Middle District Bank, consisting of one branch at Poughkeepsie, and one branch at Esopus,	500,000
Mechanics and Farmers Bank, (Albany)	600,000
Bank of Newburgh	400,000
Bank of Troy	500,000
	<hr/> \$3,800,000

What the legislature have done, I am bound to respect as the result of wisdom and sound policy: and if I can shew that the claim of the Western District for a bank, is as well founded as any other application which has received the sanction of this legislature; I trust it will not fail of equal success.

Permit me to ask the attention of the Senate to the present distribution of banks in this state; and the amount of capital allowed to each.

The banks now established are as follows:—

Inhabitants.	Banks.	Capital.
Southern District, 180,743	New-York, Manhattan Merchants' Mechanics' Union	\$1,040,000 2,000,000 1,250,000 1,500,000 1,300,000
		—————
		\$7,690,0000
Middle District, 198,459	Columbia Hudson Middle District Newburgh	160,000 300,000 500,000 400,000
		—————
		\$1,360,000
Eastern District, 220,138	Albany Farmers' Mohawk State Mechanics and Farmers Troy	\$270,000 300,000 260,000 460,000 600,000 500,000
		—————
		\$2,390,000

Western District, 362,077                  *None.*

By this statement it appears, that the population of the *Western District* is about equal to that of the *Southern* and *Middle Districts* united; and more than one third of the whole population of the state.

I will not contend that population is the only just rule of apportionment. The city of New-York is our center of commerce and great metropolis of dollars.— I readily admit that to be our principal theatre of banking operations; and that it has not more than its due proportion of banks: but justice and policy demand that the immense region of the *Western District* should at least be accommodated with one bank.

It is mockery and insult to tell us that the existing banks have sufficient capital, and can supply as

much paper medium as is proper to be emitted. The banks of Albany, Troy, and Schenectady confine their loans to a narrow circle of customers; and very rarely if ever extend their accommodations to persons in the Western District. A uniform rule is established by them requiring an indorser in the immediate vicinity of the bank: and very few gentlemen in the Western District have friends in Albany, Schenectady or Troy, of whom they can ask the favor of becoming their indorsers. That is a request which can seldom be made with propriety; except by those who are in a situation to reciprocate the favor.

With the exception of the cities of New-York and Albany, I assert that the Western District is more entitled to a bank, than any other portion of the state containing equal population. In all the counties bordering on the Hudson's River between Albany and New-York, the merchants during nine months in the year, have easy and immediate access to New-York.— They can in a few days command money at the highest New-York prices for the produce of the country, without the aid of banks. The farmer in that part of the state is never obliged to sell his produce to the country merchant. By means of the excellent and immense navigation of that River, he can without risque or trouble, send it to the New-York market on his own account; and receive the avails in a few days. Banks are therefore almost useless to the trader and the farmer in that part of the state; except during a small portion of the year when the navigation is obstructed by ice. In the Western District, an immense surplus produce is remote from the navigable waters of the Hudson: its progress to the Albany and New-York markets is slow and dilatory at all seasons of the year. The farmer cannot conveniently send his wheat or his beef and pork to either of those great markets and receive the avails in cash on his own account. He is generally under a necessity of selling his produce to the country merchant at a reduced price; and to receive the avails in goods, or to sell on a long credit; because the merchants there, however wealthy, cannot make prompt payment in cash for produce to any considerable extent. Their

chief remittances to New-York must ever be in produce; and if the course of transportation be such that they cannot receive the avails from the New-York market, short of three or four months; it must of necessity result, that they cannot pay a fair and liberal price in cash to the farmer. Experience confirms the truth of these remarks. Farmers generally are in want of money, at the close of every season. They must raise it by a sale of their produce to the country merchant. If the merchant can have a bank-loan for 60 or 90 days, it enables him to pay a fair price in cash to the farmer; and he will be enabled to receive the avails of the produce from the New-York market, in time to meet his bank engagement. With the liberal aid of a bank, therefore, the farmer will at all times command a fair price in cash for his produce; but without such aid, he must be compelled to sell on credit; or to receive half its value from speculators who fatten upon monopolies, and enrich themselves at the expense of the farmer's toils.

The plan proposed by this bill is the most liberal and equal that has ever come before this legislature.—It has been usual heretofore for speculators to associate, and agree on a division of the stock among themselves, and then to ask for an incorporation.—Almost all our banks have been established on that plan, giving an immediate and exclusive profit to the associates. This bill enacts that Augustus Porter of Niagara, John M. Canfield of Jefferson, George Huntington, John C. Devereux, Benjamin Walker, Charles C. Brodhead of Oneida, Windsor Maynard of Herkimer, Abraham Dox of Ontario, and Perry G. Childs of Madison, shall be commissioners for opening books in which all the inhabitants of the Western District may subscribe for stock.—After these subscriptions are made, the commissioners are to meet and average the shares equally among all the counties of the District, according to population; and the commissioners are to divide the stock in each county as they think reasonable, allowing no more than fifty shares (at \$50 each) to any subscriber. On this plan the stock would be equally diffused throughout the district.—All would have a

common interest in supporting the credit of the bank; and its benefits and accommodations would be extended to all. One branch of the bank is proposed to be established at Utica and another at Geneva, with a capital of \$500,000.

I ask the attention of the Senate, while I attempt to show some local and peculiar reasons why this bank should be established.

It is an alarming fact, that the trade of a large portion of the Western District is now flowing to the Canada markets, and unless liberal and spirited efforts are soon made to reclaim it, by improving the inland navigation, and by every other means in our power; the commercial prospects of this state will be in a great measure blasted.

The establishment of this bank will essentially aid in preventing the western produce from being diverted to a foreign market. And let the merchants of New-York and Albany consider, that wherever our produce goes, *there* our purchases of goods must chiefly be made. A bank at Utica will always enable the merchants in that vicinity to pay cash for produce to any amount; and it would be decisive in diverting a large portion of trade to Albany and New-York, which for the want of a nearer and more ample market, now flows down the St. Lawrence. It often happens, that there is good sleighing to Utica from every part of the Western District; when there is no sleighing from Utica to Albany. How important, then, that there should be always a sufficient banking capital at that point! The prosperity of the merchant, and the value of the farmer's hard earnings essentially depend on it.

The circulating medium of the Western District now consists in a great degree of New-England bank notes, put in circulation there by indirect violations and evasions of the law for restraining banking associations. We are paying an enormous sum of interest to bankers of other states, who smuggle into the Western counties a species of bank paper which our banks will not receive; and which, of course, remains there in tardy circulation; distrusted by many; and subjecting us to all the hazards and impositions of

those foreign banks, without any real or substantial benefit. The establishment of an independent bank in the Western district would drive all that spurious foreign bank-paper out of the state.

The influx of gold and silver coin from Canada into that part of the state is favorable to a bank; and will enable it to afford liberal discounts without hazard of increasing the paper medium to excess.

The Western District has already made more progress in manufactories than any other part of the state. In the county of Oneida alone there are already incorporated, the

Oneida Manufacturing Company—Cotton, Wool and Iron.

New-Hartford Manufacturing Society—Cotton and Wool.

Oriskany Manufacturing Company—Cotton, Wool and Iron.

Oldenbarneveld Manufacturing Company—Wool and Cotton.

Whitesborough Cloth Manufactory—Cotton and Wool.

Clinton Manufacturing Company—Cotton and Wool.

Oneida Glass Company.

Utica Glass Company.

Mount Vernon Glass Company.

Rome Glass and Iron Company.

These associations are formed by men of substantial wealth; several of them are already in successful operation, and every one of them has a fair prospect of success; if they can have the patronage of the government so far as to enable them to avail themselves of their own resources. They ask no loans from your treasury: They only want the aid of a bank to enable them to buy their stock, and to sell their manufactured articles when the markets are most favourable. Without bank accommodations, they must often be compelled to buy dear and sell cheap.—With such aid, they will prosper and enrich the state as well as the stockholders; without this fostering aid they may fail of success.

The village of Utica is more important; and has a larger commerce than Catskill, Esopus, Newburgh or

Poughkeepsie. It is a point at which the trade of the Western District centers in a great degree. Its remote distance from the great markets, and from all other banks, gives it a pre-eminent claim. We have distributed banks in every other part of the state with a liberal hand. In establishing the Middle District bank, the bounty of the legislature was so prolific as to produce two banks at a birth: and we are now told that the bastard offspring of the Manhattan company, foisted upon us at Utica, is as much as we deserve.—The Manhattan bank has a branch at Poughkeepsie as well as at Utica; and yet we have heard no objection to the establishment of an independent bank at Poughkeepsie, on that account. The people of the Western District want a bank which they can call their own; whose profits and prosperity may be connected and identified with their interest; whose directors and stockholders have a sympathy for, and an interest in, relieving their pecuniary distress and embarrassment.

If gentlemen imagine that the Manhattan branch at Utica was intended for the benefit of the Western District; if they suppose it satisfies the wishes, and supplies the necessary capital for that part of the state, they are grossly deceived. The stock of that branch is owned almost exclusively by persons living in the city of New-York. The deputy directors at Utica have little or no interest in it. They have no power of creating bank notes, nor of issuing a single bill without the consent of their masters in New-York. They may strut with all the mock dignity of puppets; but the master wire-men keep behind the curtain in New-York.

The operations of the branch are always made subservient to the views and interest of the New-York directors. If they have any bank notes to put in circulation beyond what their discounts in New-York require; then forsooth a package of bank notes is vouchsafed to Utica, if an opportunity occurs for sending it.

They deal out to us, men of the woods, a morsel now and then, sufficient to keep alive our hope, and to preserve our dependence: but I assert, without fear of contradiction, that the supply of bank paper from

that source, is at all times so precarious that no prudent man can rely on it for bank accommodation : and that it is altogether inadequate to the reasonable wants of that country. I assert another fact too, that in reality it is intended as an office of *deposit*, and not as an office of *discount*, to any considerable degree. I assert as a fact, it has often happened that when checks have been presented at the Utica branch, the answer has been, "we have no bank notes of any kind ; you must receive payment in gold, or wait till our bank paper arrives from New-York." Was ever such a bank heard of before ? Does it deserve the name of a bank for discounts ? If I have mistated any fact, let the two bank directors who are present (Mr. Bloodgood and Mr. Smith) correct me. I wait for their answer. [Neither Mr. Bloodgood nor Mr. Smith made any reply.] The main object is to collect the gold and silver of the western district to supply the vaults of the Manhattan bank in New-York. In this way they are draining the western country of specie ; which is flowing in a continued stream through that channel, to enrich the capitalists of New-York ; who feel little interest in our welfare, and no sympathy for our distress.

Besides, this branch is a mere tenant at will. It may be withdrawn at the pleasure of the Manhattan Directors.

The honourable member from the southern district (Mr. De Witt Clinton) has informed us, that he believes the branch at Utica is unprofitable to the stockholders ; or at least, that they might employ their capital more profitably in New-York. If this be so, we have good ground to conclude that they will withdraw that branch : and if such be their determination, it will be an additional reason for substituting an independent bank, which may enable the Manhattan Company to withdraw their capital, and wind up the concerns of that branch without loss to themselves, or distress to the people who are indebted to them.

The gentleman from the Southern District, (Mr. De Witt Clinton) has asked with contemptuous exultation ; "is it an injury that the Manhattan company send part of their capital to Utica ? Is it (says he) an act

of injustice or oppression for a rich man in New-York to loan his money in the western district?" I answer no, sir! But when this rich man in New-York claims and insists upon the *exclusive right* of loaning money to us: when he declares with legislative sanction, that we shall have as much or as little money as he chooses; and upon such terms only as he thinks proper; then sir, it is injustice; it is oppression; 'tis odious tyranny; 'tis pecuniary despotism.

My colleague from the western district, (Mr. Swift) has declared that he believes the people of that district are generally opposed to independent banks at Utica and Geneva as contemplated by this bill. He has stated that he believes three quarters of his constituents are opposed to this measure.

I know nothing of the private communications he may have received. If he has any thing to shew as the grounds of such belief; I should be glad to hear it.

[Mr. Swift gave no further information.]

The people of the western district appear by their petitions before us to be perfectly united in this object, without distinction of party. Year after year have they appeared as your humble suppliants. Never has a remonstrance been presented against the object of their petition. Hitherto they have been sternly denied, on the ground, that it was dangerous to increase the number of banks.

The gentleman from the southern district, (Mr. De Witt Clinton) has attempted to alarm us by reading a report of the disgraceful failure of the Penobscot bank. I know sir, the banking system has been carried to great excess in some parts of New-England; and I hope we shall profit by their example. But, sir, I would remind that gentleman, that we are not at all descendants from Penobscot. And if we were, it does not follow that we are all knaves. It is said that a set of swindlers at Penobscot got possession of a bank; and ruined themselves; and defrauded the community. Granted, sir! but does it prove that the Western District of this state is not entitled to, nor fit to be trusted with a single bank?

Within the last month, we have by large majorities in senate and assembly, incorporated six new banks, with an aggregate capital of three millions, eight hundred thousand dollars. I now ask on behalf of the western district, for a bank, with five hundred thousand dollars capital. In behalf of three hundred and sixty-two thousand of your fellow-citizens; in behalf of twenty-two counties of this state, I appeal to your justice and impartiality.

My colleagues from the western district, who oppose this bill, may, if they please, lick the crumbs which fall from the rich man's table. As the representative of freemen, I disdain such mean condescension. I shall never turn Swiss, and enter into foreign service. May my tongue lose its utterance, if my voice be ever raised in opposition to what I know to be for the best interest of those whom I represent.

I know that my constituents have equal rights; and merit equal favor, with any other portion of my fellow-citizens. I know too, they are as intelligent as any other part of this community; and I trust they will discern the difference between their *real friends* and their *base flatterers*.

Mr. Chairman, *any man can profess any thing.* The decision on this bill, will test the sincerity of those, who boast so loudly of their regard for the *equal rights of the People.* Let our constituents judge who have been their faithful representatives on this occasion.

The next state-census will probably give to the western district a majority of the members of the legislature. I do not mean to intimate a threat; but I appeal to the policy, as well as the justice of all who hear me; and ask whether it is wise and prudent to deny to that large portion of the state, the small favor which they now solicit? I beseech gentlemen to beware how they afford even a pretext for retaliation.—Let them consider that the banks which have been showered down in such rich profusion in every other part of the state, must shortly ask for a renewal of their charters. 'Tis possible that injustice may be *remembered.*

Sir, there is a young lion in the west. He is now tame and gentle as the spaniel. He seems to lick the hand that scourges him. But be assured he will soon arrive at maturity, and become conscious of his strength. He will, I hope, be generous and noble; but beware how you provoke his indignation by injury and insult.

The question being taken, passed in the negative in manner following, viz.

*Affirmative.*

Mr. COE,	PARIS,
HALL,	PHELPS,
HOPKINS,	PLATT,
LEWIS,	WILLIAMS— <del>3</del> .

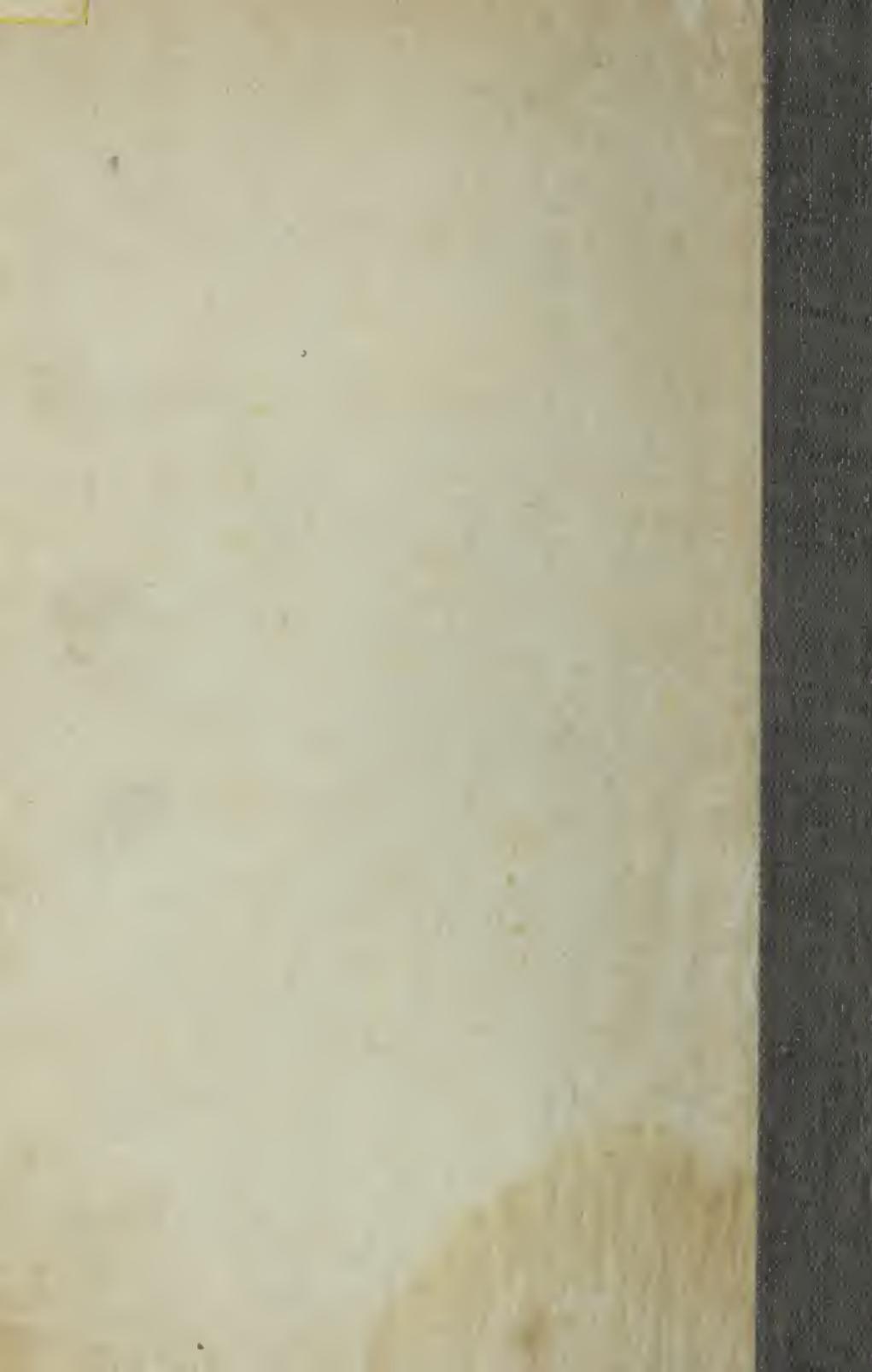
*Negative.*

Mr. BLOODGOOD,	M'LEAN,
BRETT,	REA,
BROWN,	SELDEN,
CARL,	SMALLEY,
CLINTON,	SMITH,
GILBERT,	SWIFT,
HAIGH,	TOWNSEND,
HUMPHREY,	WHITE,
MARTIN;	YATES— <del>18</del> .









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